

PUTNAM COUNTY
ECONOMIC DEVELOPMENT
CORPORATION

FINANCIAL STATEMENTS
and Supplementary Information

Years Ended December 31, 2013 and 2012

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DECEMBER 31, 2013 AND 2012

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Alan Wolfson, C.P.A.
Elaine N. Wolfson, Principal

Members of:
American Institute of Certified Public Accountants
New York State Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Putnam County Economic Development Corporation
40 Gleneida Avenue, 3rd Floor
Carmel, NY

I have audited the accompanying financial statements of the Putnam County Economic Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Putnam County Economic Development Corporation as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of the Putnam County Economic Development Corporation as of December 31, 2012, were audited by other auditors whose report dated March 31, 2013, expressed an unmodified opinion on those statements.

A handwritten signature in black ink that reads "Alan Wolfson, C.P.A." The signature is written in a cursive style.

Alan Wolfson
Certified Public Accountant

Brewster, NY
March 28, 2014

PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$104,006	\$102,108
Grant receivable	-	10,226
Contribution receivable	3,175	-
Revenue receivable	1,050	-
Prepaid expenses	<u>1,789</u>	<u>4,355</u>
Total current assets	110,020	116,689
Property and equipment, net of accumulated depreciation of \$25,150 and \$23,709	<u>6,158</u>	<u>960</u>
TOTAL ASSETS	<u>\$116,178</u>	<u>\$117,649</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 10,601	\$ 3,441
Accrued payroll	2,475	2,345
Payroll taxes payable	<u>2,455</u>	<u>2,024</u>
CURRENT AND TOTAL LIABILITIES	<u>15,531</u>	<u>7,810</u>
Net assets:		
Unrestricted	<u>100,647</u>	<u>109,839</u>
TOTAL NET ASSETS	<u>100,647</u>	<u>109,839</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$116,178</u>	<u>\$117,649</u>

The accompanying notes are an integral part of the financial statements.

PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CHANGE IN UNRESTRICTED NET ASSETS:		
SUPPORT AND REVENUE:		
Support:		
Putnam County grant	\$139,514	\$122,710
Other contributions	600	10,800
In-kind contributions	<u>5,775</u>	<u>-</u>
Total support	<u>145,889</u>	<u>133,510</u>
Program revenue:		
Annual networking event sponsorships	27,500	-
Annual networking event ticket sales	<u>12,778</u>	<u>-</u>
Total program revenue	40,278	-
Investment revenue:		
Interest and dividend income	<u>251</u>	<u>424</u>
Total unrestricted support and revenue	<u>186,418</u>	<u>133,934</u>
EXPENSES:		
Program services	156,145	86,144
Supporting services:		
Management and general	<u>36,965</u>	<u>65,843</u>
Total Functional expenses	193,110	151,987
Contribution to other organization	<u>2,500</u>	<u>2,500</u>
Total Expenses	195,610	154,487
CHANGE IN UNRESTRICTED/NET ASSETS	(9,192)	(20,553)
NET ASSETS AT BEGINNING OF YEAR	<u>109,839</u>	<u>130,392</u>
NET ASSETS AT END OF YEAR	<u>\$100,647</u>	<u>\$109,839</u>

The accompanying notes are an integral part of the financial statements.

PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (9,192)	\$ (20,553)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,441	631
(Increase) decrease in operating assets:		
Grants receivable	10,226	(10,226)
Revenue receivable	(1,050)	-
Contributions receivable	(3,175)	-
Prepaid expenses	2,566	(2,785)
Increase (decrease) in operating liabilities:		
Payroll taxes payable	432	101
Accounts payable and accrued expenses	7,160	758
Accrued payroll	<u>129</u>	<u>483</u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u>8,537</u>	<u>(31,591)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	<u>(6,639)</u>	<u>-</u>
NET CASH (USED) BY INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	1,898	(31,591)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>102,108</u>	<u>133,699</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$104,006</u>	<u>\$102,108</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Finance charges paid	\$ 138	\$ 21
SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION:		
In-kind rental contribution	\$ 5,775	\$ -
In-kind expense of facility rental	\$ 5,775	\$ -

The accompanying notes are an integral part of the financial statements.

PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

The Putnam County Economic Development Corporation (“the Organization”) was incorporated on September 15, 1996 under the laws of New York State as a not-for-profit corporation. The corporation was granted Federal approval as a 501(c)(6) entity under the Internal Revenue Service Code Section 501(a), effective July 17, 1998.

The Organization’s mission is to promote balance and sustain economic growth in Putnam County through the retention and nurturing of business already in the County, through recruiting and encouraging the movement of existing businesses into Putnam County, and by providing an environment conducive to the creation and development of new businesses in the County.

The Organization is supported primarily through an annual municipal grant, private sector contributions and sponsorships, and program activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) Topic 958, Not-for-Profit Entities. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

These net assets classifications are described as follows:

Unrestricted Net Assets - not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes or projects by action of the board of directors.

Temporarily Restricted Net Assets - subject to donor-imposed stipulations that may be fulfilled by actions of the Organization to meet the stipulations or become unrestricted at the date specified by the donor. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets, and reported in the Statement of Activities as net assets released from restrictions.

Permanently Restricted Net Assets - subject to donor-imposed stipulations that they be retained and invested permanently by the Organization.

The Organization did not have temporarily or permanently restricted net assets for the years ended December 31, 2013 and 2012, respectively.

PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Cash and Equivalents

For purposes of the Statements of Financial Position and Statements of Cash Flows, the Organization considers all unrestricted cash and all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Support and Revenue Recognition

In accordance with FASB ASC 958, *Not-for-Profit Entities*, contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence and/or nature of any donor restrictions. The organization did not receive any donor restricted contributions in either calendar year 2013 or 2012.

Donated Materials and Services

The Organization has not recognized any support, revenue, or expenses from service contributed by volunteers. If any support, revenue or expense were recorded, it would be determined based on the difference of any amount paid to an individual and the comparable compensation which would be paid to an individual if they were to occupy these positions on a paid basis. The value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

In-Kind Contributions

In kind contributions consist of donated office space and related facilities costs. All in-kind contributions are recorded at their fair market value at the time the donation is made. The previous monthly rental expense was used to determine the estimated fair market value for the rental period of February 1, 2013 through December 31, 2013. The value is determined to be \$5,775 based upon 11 months at \$525 per month. The in-kind rent is appropriately included as both revenue and expense in the accompanying Statement of Activities and Changes in Net Assets. It is also listed as a shared expenditure of both Program Services and Management and General Expenses in the Schedule of Functional Expenses for the year ended December 31, 2013.

PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Property and Equipment and Depreciation

All acquisitions of property and equipment in excess of \$500 are capitalized. Purchased property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and Fixtures	7 Years
Office Equipment	7 Years
Computer Equipment and Electronics	5 Years
Telephone System and Internet Phone Equipment	7 Years
Internet Website	3 Years

Maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the Organization's program and supporting services have been summarized on a functional basis in the Statements of Activities and in the Supplementary Schedules of Functional Expenses. Accordingly, certain program or supporting service costs have been allocated by management on either specific identification or allocated percentage basis, as appropriate, or allocated among the programs and supporting services benefitted.

PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2013</u>	<u>2012</u>
Furniture and Fixtures	\$ 2,230	\$ 2,230
Computer Equipment	13,305	12,166
Electronic Equipment	512	512
Telephone System and Internet Phone Equipment	4,165	4,165
Office Equipment	1,083	1,083
Internet Web-site	<u>10,013</u>	<u>4,513</u>
subtotal	31,308	24,669
Less: accumulated depreciation	<u>(25,150)</u>	<u>(23,709)</u>
Property and Equipment, net	<u>\$ 6,158</u>	<u>\$ 960</u>

Depreciation expense for the years ended December 31, 2013 and 2012, respectively, was \$1,441 and \$631.

NOTE 4 - FEDERAL AND STATE INCOME TAXES

The Organization is a not-for-profit corporation exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. It is also exempt from New York State corporation franchise tax in accordance with the provision of Regulation Section 1-34(b)(6) as a NYS not-for-profit corporation. The organization files an annual report, NYS CHAR 500, with the NYS Attorney General's Office, Bureau of Charities.

NOTE 5 - SPECIAL REPORTING

The Organization is considered to be a Local Development Corporation under the Public Authorities Accountability Act within the Public Authorities Law of New York State. The Authorities Budget Office (ABO) and the Office of the State Comptroller (OSC) both require annual filings of certain financial data and information. The ABO and OSC have mandated that the Organization use their on-line reporting system, known as the Public Authorities Reporting Information System (PARIS).

PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 6 - LEASE COMMITMENT

Until March 31, 2013, The Organization leased its facility at 34 Gleneida Avenue, Carmel from the County of Putnam on a year-to-year basis for \$525 per month. The Organization was not responsible for any related occupancy costs. There was no written lease obligation or renewal option. One month of rent (\$525) was paid in 2013, as Putnam County ceased rental charges on January 31, 2013. The Organization moved its operations to 40 Gleneida Avenue, 3rd Floor; where it is provided facilities for its operations by the County of Putnam; and provided storage space at 841 Fair Street; at an annual rent of \$1. The Organization is not responsible for any related occupancy costs.

NOTE 7 - COMPOSITION OF CASH AND CASH EQUIVALENTS

The total cash held by the Organization was comprised of the following:

	<u>2013</u>	<u>2012</u>
Cash in Bank - Operating account	\$ 33,089	\$ 12,381
Cash in Bank - "Premium Savings"	280	19,288
Cash in Bank - Hudson Valley FCU	3	-
Certificates of Deposit	70,384	70,189
Petty Cash	<u>250</u>	<u>250</u>
Total	<u>\$104,006</u>	<u>\$102,108</u>

NOTE 8 - PROGRAM SERVICE ACTIVITIES

Under the new leadership of the Organization, in 2013 it undertook a new program to further its mission of increasing and fostering the vitality of the County's business community. The Organization held its 1st Annual Networking event, open to the business community and local stakeholders.

NOTE 9 - RELATED PARTY TRANSACTIONS

The former President of the Organization is the Director of Advertising Sales of a company that is the vendor to whom the Organization paid fees for advertising services for the Shop Putnam Project. For the year ended December 31, 2013, the costs recognized were \$1,636 and paid were \$4,019; of this, \$0 was included in accounts payable at the year end. For the year ended December 31, 2012, the costs recognized were \$4,713.

There was no amount due to or from this related party as of the date of these financial statements.

PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012

NOTE 9 - RELATED PARTY TRANSACTIONS (cont'd.)

A member of the Board of Directors is also the President of a bank with whom the Organization does banking. The Organization has a checking account and a high-yield savings account with this bank. At December 31, 2013 and 2012 respectively, the balances were as follows:

	<u>2013</u>	<u>2012</u>
Operating account	<u>\$33,089</u>	<u>\$12,381</u>
Premium Savings account	<u>\$ 280</u>	<u>\$19,288</u>

There was no amount due to or from this related party as of the date of these financial statements.

An additional member of the Board of Directors is also the President and C.E.O. of a bank with whom the Organization does banking. The Organization maintains a certificate of deposit account. At December 31, 2013 and 2012 respectively, the balances were as follows:

	<u>2013</u>	<u>2012</u>
Certificate of Deposit	<u>\$58,693</u>	<u>\$58,540</u>

There was no amount due to or from this related party as of the date of these financial statements.

A member of the Board of Directors is the agent from which the Organization purchases all of its insurance policies. For the years ended December 31, 2013 and 2012, respectively, the costs recognized and paid for these policies was \$3,412 and \$2,686.

There was no amount due to or from this related party as of the date of these financial statements.

NOTE 10 - CONCENTRATION OF GRANTS

The Organization receives the majority of its revenue from a municipal grant from the County of Putnam, New York. This grant must be applied for annually, and is renewable depending on the availability of funds and the Organization's compliance with the requirements of the contract. Therefore, annual funding under these contracts is not guaranteed. The amounts received from these grants were \$139,514 and \$122,710 for the years ended December 31, 2013 and 2012, respectively.

NOTE 11 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at several financial institutions located in New York. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2013 and 2012, respectively, the Organization had no uninsured cash balances.

**PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 12 - COMPARATIVE RECLASSIFICATIONS

Reclassifications and/or combinations of various account categories were made in order to reflect the two reporting periods on a comparable basis and to be in conformity with the current year presentation. These changes were immaterial and have no effect on the financial statements

NOTE 13 - EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 28, 2014, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Alan Wolfson, C.P.A.
Elaine N. Wolfson, Principal

Members of:
American Institute of Certified Public Accountants
New York State Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION

To the Board of Directors of the
Putnam County Economic Development Corporation

I have audited the financial statements of the Putnam County Economic Development Corporation as of and for the year ended December 31, 2013, and have issued my report thereon dated March 28, 2014, which contained an unmodified opinion on those financial statements, appears on page one. My audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses for the year ended December 31, 2013 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Schedule of Functional Expenses for the year ended December 31, 2012 was subjected to the auditing procedures applied in the 2012 audit of the basic financial statements by other auditors, whose report on such information dated March 31, 2013 stated that it was fairly stated in all material respects in relation to the 2012 financial statements as a whole.



Alan Wolfson
Certified Public Accountant

Brewster, New York
March 28, 2014

PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2013

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
Salaries	\$56,398	\$10,597	\$ 66,995
Payroll taxes	<u>4,621</u>	<u>1,146</u>	<u>5,767</u>
Total salaries and payroll taxes	61,019	11,743	72,762
Annual networking event expenses	59,302	-	59,302
Professional dues and memberships	10,045	-	10,045
Marketing campaign expenses	6,429	-	6,429
Co-Star real estate service	4,211	-	4,211
“Shop Putnam” project	1,636	-	1,636
NYS PARIS compliance	2,090	-	2,090
Website hosting	1,042	-	1,042
Internet access charges	906	-	906
Advertisements	1,200	794	1,994
Community promotional expenses	240	-	240
Seminars	140	555	695
Employee mileage reimbursements	1,200	233	1,433
Rent and office cleaning	643	644	1,287
In-kind rent	2,888	2,887	5,775
Telephone	900	1,294	2,194
Insurance	2,030	1,382	3,412
Office and computer supplies	-	247	247
Professional fees	150	13,347	13,497
Dues and subscriptions	-	525	525
Travel and meals	74	-	74
Postage	-	16	16
Printing and reproduction	-	790	790
Maintenance contracts	-	657	657
Repairs - equipment	-	137	137
Fees and permits	-	99	99
Bank service charges	-	36	36
Finance charges	<u>-</u>	<u>138</u>	<u>138</u>
Total expenses before depreciation	156,145	35,524	191,669
Depreciation	<u>-</u>	<u>1,441</u>	<u>1,441</u>
Total Functional expenses	<u>\$156,145</u>	<u>\$36,965</u>	<u>\$193,110</u>

See auditor’s report on supplementary information.

PUTNAM COUNTY ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2012

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>TOTAL</u>
Salaries	\$48,264	\$38,579	\$ 86,843
Payroll taxes	<u>3,939</u>	<u>3,190</u>	<u>7,129</u>
Total salaries and payroll taxes	52,203	41,769	93,972
Real Estate Directory project	4,030	-	4,030
“Shop Putnam” project	4,713	-	4,713
Professional dues and memberships	10,850	-	10,850
NYS PARIS compliance	3,400	-	3,400
Website development	900	-	900
Internet access charges	1,538	-	1,538
Promotional costs	319	-	319
Media and research	30	-	30
Rent	3,150	3,150	6,300
Telephone	626	625	1,251
Insurance	1,294	1,392	2,686
Office & computer supplies & small equipment	247	259	506
Meeting expenses	-	70	70
Professional fees	-	14,093	14,093
Dues and subscriptions	91	410	501
Travel and meals	294	-	294
Postage	129	128	257
Advertising	2,330	919	3,249
Maintenance contracts	-	363	363
Repairs - equipment	-	574	574
Cleaning expense	-	1,379	1,379
Fees and permits	-	60	60
Finance charges	<u>-</u>	<u>21</u>	<u>21</u>
Total expenses before depreciation	86,144	65,212	151,356
Depreciation	<u>-</u>	<u>631</u>	<u>631</u>
Total Functional expenses	<u>\$86,144</u>	<u>\$65,843</u>	<u>\$151,987</u>

See auditor's report on supplementary information.